



## Irish Life Weekly Investment Bulletin

The week that was – WEEK 06 2018 (ending 09/02/2018)

*“All things are difficult before they are easy.” – Thomas Fuller*

**Irish consumer sentiment hits seventeen year high** – The latest KBC Bank Ireland/ESRI consumer sentiment index for January showed a large increase – rising to 110.4 in January from 103.2 in December, 103.1 in January last year and the 40 level in 2008. This is the strongest reading since February 2001.

**German government coalition deal reached** – German chancellor Angela Merkel’s Christian Democratic Union and the Social Democratic Party finally hammered out a coalition agreement where the SDP get the finance, labour and foreign ministries. The deal is still subject to sign-off by rank-and file SPD members.

**Global stock market down 5.3% on the week** – The MSCI AC World TR Index showed a 5.32% fall from 2nd February to 9th February, as markets worried about higher inflation and interest rates, compounded by technical trading. The VIX (or Volatility Index) finished the week at 29.06, up from 17.31 on 2nd February.

**IMF reassurance on fundamentals despite market turmoil** – International Monetary Fund Chief Economist Maurice Obstfeld said “...in the last few days we’ve seen some market turbulence around the world, but the fundamentals are really strong ... improving since the middle of 2016 and we see very broad-based growth.”

**U.S. two-year budget passed after shutdown** – It might have taken until after a stopgap funding bill expired at midnight on Thursday, but the Senate and House of Representatives both finally passed a two-year budget agreement that will release an additional \$390 billion for domestic, military and disaster-relief spending.

**BoE leaves UK rates unchanged** – The Bank of England Monetary Policy Committee voted unanimously to keeping the rate at 0.5% but in its inflation report accompanying the decision, they warned that it may need to step-up interest rate rises to bring inflation down toward its 2% target, depending on Brexit deal reached.

**The Story of the week:** The security camera of Moss Sayed, the manager of a taxi company, captured the moment on Wednesday morning when a large chunk of ice fell from the skies over Kew, London, smashing on the roadway and sending shards of ice and snow, the size of a boulder, toward two shocked passersby. It’s believed that the ice chunk may have fallen from a passing plane as Kew is located directly under a flight path out of Heathrow Airport. Sayed, who spoke to Sky News, said “It was like the film ‘End of Days’ or asteroids falling out of the sky.”

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# Index Performances and Market Data\*

<b>Equity and Bond Markets % (in Local Currency)</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018 YTD (to 09/02)</b>
MSCI AC World (Gross TR)	26.2	9.9	1.8	9.7	20.4	-2.9
ISEQ Overall Return	35.8	16.8	33.6	-2.7	9.7	-6.4
FTSE 100 TR	18.7	0.7	-1.3	19.1	11.8	-7.8
Euro Stoxx 50 TR	21.5	4.0	6.4	3.7	9.2	-4.9
S&P 500 TR	32.4	13.7	1.4	12.0	21.8	-1.8
Nasdaq Composite	38.3	13.4	5.7	7.5	28.2	-0.4
Nikkei 225	56.7	7.1	9.1	0.4	19.1	-6.1
MSCI Emerging Markets	0.9	2.6	-8.0	7.1	27.8	-1.5
Eurozone Government Bonds 1–5 yr	2.1	3.4	1.0	0.9	-0.2	-0.2
<b>Sovereign 10yr Bond Yields (%)</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018 YTD</b>
U.S.	3.0	2.2	2.2	2.4	2.4	2.9
German	1.9	0.5	0.6	0.2	0.4	0.8
UK	3.0	1.9	1.9	1.2	1.2	1.6
Japan	0.7	0.3	0.2	0.0	0.0	0.1
Ireland	3.4	1.3	1.1	0.7	0.7	1.1
Italy	4.1	2.1	1.6	1.8	2.0	2.0
Greece	8.2	9.6	7.9	7.1	4.1	4.3
Portugal	6.1	2.7	2.5	3.8	1.9	2.0
Spain	4.1	1.6	1.7	1.4	1.6	1.5
<b>Central Bank Rates (%)</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018 YTD</b>
ECB	0.25	0.05	0.05	0.0	0.0	0.0
Bank of England	0.25	0.50	0.50	0.25	0.50	0.50
U.S. Federal Reserve	0.25	0.25	0.50	0.75	1.50	1.50
<b>Foreign Exchange Rates</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018 YTD</b>
Euro/Dollar (€/\$)	1.37	1.21	1.09	1.04	1.20	1.23
Euro/Sterling (€/£)	0.83	0.78	0.75	0.84	0.89	0.88
Sterling/Dollar (£/\$)	1.65	1.56	1.46	1.24	1.36	1.38
<b>IPD All Property Return % (in Local Currency)</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Ireland	3.1	12.7	40.1	25.0	12.8	8.0% (to end of Q4)
U.K.	2.7	10.7	17.8	13.1	3.6	7.1% (to end of Q3)
U.S.	5.3	11.4	11.2	12.1	7.8	5.0% (to end of Q3)

\*Past performance is not a reliable guide to future performance